

FISCAL NOTE

SB 934 - HB 1159

March 11, 2004

SUMMARY OF BILL: Creates the Tennessee Forest Resources Conservation Act of 2003, which:

1. Requires a permit from the Commissioner of Environment and Conservation before a person may establish or expand a facility that uses pulpwood.
2. Specifies that anyone conducting the following activities must apply for a permit and provide specific information on such application:
 - Persons operating a chip mill or other facility that uses wood chips as a primary material to produce any product, with the capacity to use 50,000 tons of pulpwood or more in the preceding calendar year.
 - Persons operating any log staging, log, or chip transfer facility or log loading operations that received or transported 50,000 tons or more whole logs or chip mills or other facilities using pulpwood in the preceding calendar year would have to register with the Department of Environment and Conservation.
3. Requires that applications for registration or re-registration specify the location and ownership of the mill, facility or operation and, based upon certification by the applicant, the maximum capacity and actual usage of pulpwood in the preceding calendar year.
4. Allows the Commissioner of Environment and Conservation to adopt a sliding scale of fees and adopt fees sufficient to defray the Department of Environment's costs incurred.
5. Requires the Commissioner of Environment and Conservation to:
 - Send each member of the public and interested agencies who request information notification regarding applications filed within 10 days of receipt of an application for a permit. Notices of permit applications shall be in a form approved by the commissioner; published in one newspaper of general circulation in each county from which forest resources will be drawn if the permit application is approved; and posted on the Internet by the Department of Environment and Conservation. Comments on the permit application may be submitted 35 days following the date of the notice application.
 - Perform a forest resource review to determine whether there are sufficient forest resources in the drain area or area to support the proposed facility or expansion of a facility, taking into account the drain area usage of forest resources by existing wood-using facilities.
 - Prepare a forest resource review report. The report shall include, but not be limited to, an analysis of the effect of granting the permit arising from both the operation of the facility and the harvesting of timber necessary for operation of the facility, including cumulative effects.
6. Requires every permit granted to specify the maximum tonnage of pulpwood that may be consumed by the permitted facility and the counties in Tennessee from which pulpwood may be harvested for the facility based upon the representation made in the permit application.

7. Authorizes any person denied a permit or granted a conditional permit to request a hearing. Any person who submits comments on an application also have standing to an appeal. Any hearings would be conducted pursuant to UAPA.
8. Specifies that fees for permits shall be sufficient to cover all of the costs of the permitting process and that the fees for registration and re-registration shall cover all other costs of the department. The fees for permit renewal shall cover a portion of the department's cost for monitoring and enforcement. The fees are to be set by rule and the initial fees may be set by public necessity rule.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$142,245 Recurring
\$16,800 One-Time
Increase State Revenues - \$160,000

Estimates assumes:

- Existing facilities would not be required to obtain a permit unless they are expanding their operations.
- The Department of Environment of Conservation would need additional staff personnel and related expenses to assist in administering the provisions of the bill.
- Cost of personnel would be offset by the fee revenue collected in the same amount.
- The Department would contract for the performance of forest resource reviews. There would be years in which no forest review are required, therefore, contracting for the performance of such reviews would be the most cost efficient method.
- Approximately one permit will be issued each year with permit fees established at a level sufficient to offset cost of issuing the permit and performing the forest resource reviews required for the permit.
- This bill does not specify that permit fees are to defray other administrative cost, only cost associated with issuing permits. In years where no permits are issued, there would be no funding source for administrative costs associated with the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director